

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION**

**Call to Order:** By **CHAIRMAN ALLAN WALTERS**, on February 2, 2001 at 8:00 A.M., in Room 455 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Allan Walters, Chairman (R)  
Rep. Debby Barrett, Vice Chairman (R)  
Rep. Tom Dell, Vice Chairman (D)  
Rep. Norma Bixby (D)  
Rep. Dee Brown (R)  
Rep. Donald L. Hedges (R)  
Rep. Hal Jacobson (D)  
Rep. Larry Jent (D)  
Rep. Michelle Lee (D)  
Rep. Larry Lehman (R)  
Rep. Ralph Lenhart (D)  
Rep. Gay Ann Masolo (R)  
Rep. Douglas Mood (R)  
Rep. Alan Olson (R)  
Rep. Holly Raser (D)  
Rep. Rick Ripley (R)  
Rep. Clarice Schrupf (R)  
Rep. Frank Smith (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Sheri Heffelfinger, Legislative Branch  
Ruthie Padilla, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB 251, 1/30/2001  
Executive Action: HB 376; HB 383; HB 90

HEARING ON HB 251

Sponsor: REPRESENTATIVE JIM KEANE, HD 36, BUTTE

Proponents: Tom Schneider, Montana Public Employees Association  
Tom Bilodeau, MEA-MFT  
Marwan Saba, Montana Federation of State Prison  
Employees

Opponents: Lance Melton, Montana School Board Association  
Joe Mazurek, City of Great Falls

Opening Statement by Sponsor:

*{Tape : 1; Side : A; Approx. Time Counter : 0.0}*

REPRESENTATIVE JIM KEANE, HD 36, BUTTE said this bill came about because of a concern of employees and a benefit to the state of trying to use a different system to help long-term employees receive some financial gain and retain some of our state workers who are leaving. In current state law, individuals can cash in 25% of their sick leave. This would change that to years of service where they would be able to cash in an increasing amount of their sick leave. He then submitted and discussed an amendment to the bill. **EXHIBIT(sth27a01)**

Proponents' Testimony:

*{Tape : 1; Side : A; Approx. Time Counter : 2.9}*

Tom Schneider, Montana Public Employees Association said the problem with the current sick leave law is employees look at the 25% cash in of their sick leave and feel if they take the days off while they are working, they would get 100%. If they save the days until they retire or quit, they only get 25%. Therefore, employees will simply take sick leave because they feel they are getting 100% of the value by doing so. One of the reasons for the bill is to try and put some value in trying to not abuse sick leave in not taking it when it is really not needed, instead, build it up so they can get a little more if the hours are built up. There is also SB 51, which has passed the Senate and deals with converting sick leave to VIBA account, which are prepaid medical accounts. If this bill were to pass, he would like to see it coordinated with SB 51, so that the money would then go into the VIBA accounts at the rate that is earned under this bill.

**Tom Bilodeau, MEA-MFT** stated they stand as a supporter of this legislation. Retirement health care is the single most critical problem facing retirees. Currently, with a 25% pay off of accumulated sick leave, most state, local government, and school employees do not have much of a termination payment made to them. Currently, if you take it in cash, it is fully taxable. If you have a 25% pay off on very limited accumulated leave and then are subjected to state and federal tax, that leaves them with almost nothing to work with in post retirement health care cost. This bill is a step in the right direction. Unlike Teachers Retirement System (TRS), in Public Employees Retirement System (PERS), the termination pay is not effectively rolled into the final average salary in a way that allows individuals making contributions to the pension program to actually cover the actual cost. There is no effective way in PERS to roll termination monies into the final annual salary and build a future pension benefit. TRS does allow this to happen.

**Marwan Saba, Montana Federation of State Prison Employees** stated he is representing the employees of the prison. Last year they received a 3% raise and at the same time their insurance increased \$45.00. They end up spending \$32.00 out of pocket with the raise. Twenty years down the road with a 25% sick leave cash out, they will hardly receive anything out of it and who knows what insurance costs will be twenty years from now. The retirement they have now with the cost of living increase, twenty years down the road, without getting the total benefit of their sick leave rolled into their pension, they feel they are going to have a hard time making it. He hopes for the committees support on this bill.

**Opponents' Testimony:**

***{Tape : 1; Side : A; Approx. Time Counter : 11.1}***

**Lance Melton, Montana School Board Association** said they do not oppose the sponsor's intent of the bill and what the proponents have testified on, however, there is an unintentional coverage in the bill that impacts school employees. School districts have to pay out sick leave and vacation to their employees under the same provisions of law affecting state employees. If the bill passes as is, school districts will have no statutory identification of how they pay out their classified employees, which is everyone in the district other than teachers. All they ask is to recognize it does not just affect state agencies, it affects all political subdivisions and school districts are one of those. They recommend an amendment and they have some to offer, that can be done in a way that it will not disrupt the intent of the bill.

**Joe Mazurek, City of Great Falls** said they also raise a concern of wanting this bill to only apply to state employees. The problem is the definition defines an agency as "any legally constituted department, board, or commission of state, county, city government or any political subdivision thereof". Even though the intent of the bill is to apply only to state and university employees, it applies to city employees as well. For the City of Great Falls it's current liability for unpaid sick leave is \$1.2 million and this would raise it to about \$2.4 million, based on their estimates. If the bill were amended to conform with the title they would have not objection to the bill.

**Questions from Committee Members and Responses:**

***{Tape : 1; Side : A; Approx. Time Counter : 15.9}***

**REPRESENTATIVE BROWN** asked for a breakdown of classified employees in the MEA-MFT group. **Tom Bilodeau** replied there are about 470 budgeting units of elementary through high school districts in the state of Montana. Those districts have about 11,000 teachers and specialists employed at the schools. There are an additional 2,000 administrative FTE's employed at the school districts. In addition to that number, there are classified employees; bus drivers, secretaries, instructional aides and others. This data is not collected by any agency of state government in a systematic, ongoing way. You can only figure out those numbers by going to unemployment insurance and workers compensation contributions and basically do it from payroll rather than FTE's. When they proposed a state-wide K-12 health insurance pool for all school employees in the 1997 Session they took a look at the number of classified employees and came up with about 6,000 FTE's in classified positions. MEA-MFT represents about 1,400 of the 6,000 FTE's. If you go beyond the schools - to local government and county governments - they do not have a state-wide total of their FTE's, but MEA-MFT represents about another 800 county and local government employees. They do not have a total of state agency state-wide employees either, but out of those, they have another 3,000 state employee members within the organization. **REPRESENTATIVE BROWN** then asked if it would be correct to say about 1/10th of the employees the organization represents would be effected by this bill. **Tom Bilodeau** replied it would be slightly more than 1/10th. Out of their 15,000 membership state-wide, 4,000 employees would be affected. The majority of those are in state government but a significant minority of those are school employees and a small number are counties.

**REPRESENTATIVE LEHMAN** asked about the collective bargaining process and when sick leave ceased to be sick leave and became part of a termination payment. **Tom Schneider** replied it occurred in 1973 prior to 1973 there was no statutory sick leave for state employees or for government employees. It was provided for on an agency basis. Prior to that time there was also not a collective bargaining law, so there were very few state employees who had access to collective bargaining. This was also done agency by agency. When the law went into effect any hours that had been earned in any of the agencies continued to be carried on the books. As employees used sick leave those hours were used first and those hours used under the new law were not used until the previous hours were exhausted because those hours were not compensable. **REPRESENTATIVE LEHMAN** stated in the original bargaining process sick leave was to be used as sick leave, not as a part of a termination pay policy. **Tom Schneider** commented that is what the retirement system says and that is why they do not allow a payout of sick leave to the base, but on the other hand teachers do. Therefore, you have a different situation between the systems and it occurs more dramatically at the university level because faculty are covered by the 25% provision of the law. Those who belong to teachers' retirement are able to build their retirement benefit with the payout, but the classified employees at the university system in PERS cannot.

**REPRESENTATIVE HEDGES** stated in the fiscal note it states "it is assumed that there will be 10% turnover in each year of service category". He then asked if there is any information or chart that shows there is a 10% turnover in each of the categories. **REPRESENTATIVE KEANE** said not to his knowledge.

**Closing by Sponsor:**

***{Tape : 1; Side : A; Approx. Time Counter : 29.8}***

**REPRESENTATIVE KEANE** said when the bill was drafted they knew if they included cities and counties this would be totally unacceptable because there would be no handle on the cost. This is why they only included state employees and university employees. He asked the committee to speak with Sheri Heffelfinger regarding an amendment that would make sure cities and counties were not included in this piece of legislation and then look at the bill for consideration.

**EXECUTIVE ACTION ON HB 376**

***{Tape : 1; Side : B; Approx. Time Counter : 2.0}***

**Motion:** REP. DELL moved that HB 376 DO PASS.

**Discussion:**

**REPRESENTATIVE BROWN** stated everyone is in favor of getting a handle on technology and communication except for the university system and they do not want to be included.

**REPRESENTATIVE MASOLO** stated she will probably vote against the bill and wants to see the other bill that will be coming to the committee. She asked if anyone knew what the other bill does.

**Sheri Heffelfinger** commented it is her understanding that it implements the recommendations of the interim committee by creating a new agency.

**REPRESENTATIVE LEE** feels the need to get a handle on technology costs and should pass the bill in it's current form.

**REPRESENTATIVE RASER** said she thinks the whole ideas is a really good idea as far as having an office or agency and is a good idea to coordinate systems. It will save money in the long run and is a very smart move. She also feels this bill covers the university system as far as providing for their extended needs.

**REPRESENTATIVE HEDGES** stated if waited to vote on this bill until they hear the other bill, this bill will lose it's opportunity to be considered in this session of the legislature due to transmittal.

**REPRESENTATIVE JENT** said there has been questions raised about the university system not wanting this bill. He does not think the university system has considered section 10 of the bill on page 5. It discusses the university system being exempt from the provisions of this bill.

**CHAIRMAN WALTERS** stated he could not support the bill. He feels the goal is good, but it would be creating a new office with 17 members of a board to say technology should be consumer friendly and data entry should not be duplicated and conflicting. He sees the merit of it but has seen too much growth in government and feels it can be done by other means without creating more employees or more boards.

**REPRESENTATIVE BARRETT** stated she is going to support the bill and feels a board is the way to go instead of a new agency. She believes in the theory behind the bill as a clearinghouse for technology.

**REPRESENTATIVE BROWN** stated she too is going to support the bill and for the same reasons as **REPRESENTATIVE BARRETT**. She understands once they get a handle on all the purchasing going on in every agency in the state, there will probably be a reduction in FTE's and save lots of money.

**REPRESENTATIVE DELL** said he is going to support the bill. He did have some concerns with university system but it is very well addressed in section 10. He does not feel it will require a lot of hiring of new position. He feels the board already exists with the addition of some legislators.

**REPRESENTATIVE LEHMAN** said he is going to support the bill as well. The Department of Corrections has been trying to install a new system for the last 3-5 years and they still do not think it will be up and running until 2004. He feels having an office like the one being proposed would have saved more than half the cost that has gone into the correctional computer system.

**REPRESENTATIVE JACOBSON** commented, as **REPRESENTATIVE BARRETT** stated, this has a potential of being a clearinghouse; a place where there can be some kind of coordination where all these purchases can be examined and savings realized.

**Motion/Vote:** REP. DELL moved that HB 376 DO PASS. Motion carried 16-2 with Masolo and Walters voting no.

#### EXECUTIVE ACTION ON HB 90

*{Tape : 1; Side : B; Approx. Time Counter : 16.2}*

**Motion:** REP. DELL moved that HB 90 DO PASS.

#### Discussion:

**REPRESENTATIVE RASER** stated she feels the bill is a good idea as far as public safety to make sure there is a certain level of expertise in designing the systems, however, she was concerned there were only 2-4 people in the state that currently could do this. She spoke with several different firms that design fire extinguishing systems to find out what could be done to make

this bill work so it would not be funneling all the business to a couple of people and allowing some people to get in to certify them. Grandfathering in some of the people who have been designing the systems for 20 years or more with a satisfactory record would be another option. The state of Washington currently has a board that oversees these things, allows competency based on proof of experience, and proof of plans. The other thing she was concerned with was time frame.

**REPRESENTATIVE SHOCKLY** discussed the differences between the old and new fiscal note.

**REPRESENTATIVE HEDGES** stated he is going to support this legislation. When a new building is built, hundreds of thousands of dollars are spent installing the fire suppression system. It is advertised to have a state of the art system when people become residents of the building and it's not.

**Motion/Vote:** REP. DELL moved that HB 90 DO PASS. Motion carried 15-3 with Masolo, Raser, and Schrupf voting no.

**EXECUTIVE ACTION ON HB 383**

*{Tape : 2; Side : A; Approx. Time Counter : 7.2}*

**Motion/Vote:** REP. DELL moved that HB 383 DO PASS. Motion carried 17-1 with Hedges voting no.

**ADJOURNMENT**

Adjournment: 9:30 A.M.

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REP. ALLAN WALTERS, Chairman

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RUTHIE PADILLA, Secretary

AW/RP

**EXHIBIT (sth27aad)**